

FISCAL NOTE

SB 731 - HB 2088

March 24, 2005

SUMMARY OF BILL: Changes the effective date for the implementation of the Streamlined Sales Tax Agreement (SSTA) from July 1, 2005 to July 1, 2008.

ESTIMATED FISCAL IMPACT:

Forgo State Revenues – Up to \$24,400,000 FY06
Up to \$30,200,000 FY07
Up to \$31,700,000 FY08

Forgo Local Govt. Revenues – Up to \$33,300,000 FY06
Up to \$39,800,000 FY07
Up to \$49,800,000 FY08

Assumptions:

- A study authored by the State of Washington was used to determine the voluntary compliance of non-nexus retailers.
- Increase of local sales tax revenue is estimated at \$8.0 million, \$8.4 million, and \$11.76 million for FY06, FY07, and FY08 respectively.
- There are numerous local impacts associated with making Tennessee conform to the SSTA.
- Locals will lose approximately \$3.30 million, \$3.18 million, and \$2.95 million for FY06, FY07, and FY08 respectively in state-shared tax revenue under the SSTA due to the implementation of the privilege tax on cable, satellite, and other products and services.
- Locals will gain approximately \$28.63 million, \$34.55 million, and \$40.97 million for FY06, FY07, and FY08 respectively from interstate telecommunications, single article sales, commercial energy, and other products and services.
- Given a July 1, 2008 effective date, net local revenues foregone would be as much as \$33.3 million, \$39.8 million, and \$49.8 million for FY06, FY07, and FY08 respectively.
- Given a July 1, 2008 effective date, state sales tax revenues foregone would be as much as \$24.4 million, \$30.2 million, and \$31.7 million for FY06, FY07, and FY08 respectively.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director